DOCUMENT RESUME

ED 162 954 SO 011 360

TITLE The Changing Economy of the Family. Report of an Interdisciplinary Seminar.
INSTITUTION American Council of Life Insurance, Washington, D.C. Education and Community Services.
PUB DATE 78
NOTE 36p.

EDRS PRICE MF-$0.83 HC-$2.06 Plus Postage.
DESCRIPTORS Adult Education; Conference Reports; *Economic Change; Economic Factors; *Family (Sociological Unit); Family Income; Family Life; Family Relationship; *Family Resources; *Social Change; *Socioeconomic Influences

ABSTRACT

A report is presented of a conference which examined the family as a socioeconomic institution. Participants included scholars, practitioners, and businessmen with backgrounds in various social sciences, finance, survey research, family history, home economics, and aspects of the life and health insurance business. The report begins with a summary of two themes which predominated in the conference discussion: structural changes in family life over time and exchange relationships in the family, particularly exchanges from one generation to another. Research issues raised in the discussion included the value of family impact studies, correlation between the low-income family and economic survival skills, and degree of elasticity in the demands for health and economic security within the household unit. Three sections of the report offer abridged versions of a position paper and comments of two respondents. Topics included the model American family of the 1970s, a historical perspective on how families coped with economic insecurity in the past, and the new economic subdiscipline called "new home economics" in which the family is viewed as a single economic entity which utilizes its resources to maximize some objective. (Author/AV)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

- ED162954

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

THE CHANGING ECONOMY OF THE FAMILY

Report of an Interdisciplinary Seminar

November 16, 1977
Washington, D.C.

Education and Community Services
American Council of Life Insurance
1850 K Street, N. W.
Washington, D. C. 20006

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

Edward R. Savage

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC) AND USERS OF THE ERIC SYSTEM."

SP 011 360

American Council of Life Insurance
© 1978

CONTENTS

Introductory Note 1
The Setting of the Seminar 2
The Main Themes: Continuity and Exchanges 5
Considerations for the Future 11
Talcott Parsons, "The Changing Economy of the Family" 16
Tamara Hareven, "A Historical Note on Family Strategies" 25
Lewis Mandell, "The New Home Economics" 28
Participants in the Family Economic Behavior Seminar 31

INTRODUCTORY NOTE

The institution of life insurance has always been interested in the institution of the family. This interest has been expressed in many ways over many years, but it was not until five years ago that the Council formalized its program of Family Economic Studies. One of the first activities was a three-day conference at Williamsburg, Virginia, published under the title *Family Economic Behavior: Problems and Prospects.*

Because the family has of late been receiving an unusually bad press, we asked Talcott Parsons for this year's occasion, to survey "the changing economy of the family" and to raise some of the big issues. In comparison with other such conferences, the Williamsburg conference in particular, our objectives for the 1977 meeting were modest. Rather than detailed analyses of family economic behavior, we sought general understandings of the family as a socio-economic institution.

Thanks are due to a number of persons who labored in advance to make the seminar a reality. In addition to Talcott Parsons, who prepared the position paper, and Tamara Hareven and Lewis Mandell, who prepared formal commentaries, Paul Glick of the Bureau of the Census and Matthew Greenwald of the Council provided background statistical data which kept the seminar firmly grounded in *facts.** John W. Riley, Jr., consultant to the Council, provided preliminary ideas for the seminar, served as chairman and, with Edward Savage, has put together this report.

It is to the participants, however, that the real thanks are due, and on behalf of the Council, I extend them enthusiastically. It was *their* seminar, and this is *their* report.

K. Edwin Graham, Director
Education and Community Services

*The two publications from which their data were drawn are: Paul C. Glick and Arthur J. Norton, "Marrying, Divorcing and Living Together in the U.S. Today," *Population Bulletin*, 32.5, Washington, D.C.: Population Reference Bureau, 1977; and American Council of Life Insurance, "Datatrack 4: Households and Families," Washington, D.C.: American Council of Life Insurance, Social Research Services, 1978.

THE SETTING OF THE SEMINAR

On November 16, 1977 at the University Club in Washington, D. C., a seminar sponsored by the American Council of Life Insurance provided an unusual opportunity for interdisciplinary dialogue. The topic, "The Changing Economy of the Family," was sufficiently broad to challenge the interests of participants from many fields. Scholars, practitioners and businessmen, with backgrounds in sociology, finance, survey research, family history, psychology, home economics, political science, education, demography, and in various aspects of the life and health insurance business, met in a lively, day-long conversation.

William Paynter, Executive Vice-President of the Council, opened the seminar with a brief comment on the necessity of communications bridges between the world of ideas and the world of affairs. He recalled some of the challenging issues which had been explored in the past meetings between the academic and business communities. And he noted that this seminar promised to contribute to that tradition of mutual interest and concern.

On this note, John Riley, as chairman, reminded the seminar that it was almost exactly twenty-five years ago that Talcott Parsons had been invited to advise the leadership of the life and health insurance business on the future of the family. Riley observed that no elaborate rationale was required either in 1952 or in 1977 to justify the interest of the Council in the academic study of family behavior. And he also noted the concomitant interest of such scholars—exclusive of those present—as Kingsley Davis, Cynthia Epstein, W. J. Goode, Eleanor Sheldon, Reuben Hill, James Morgan, all of whom have met with the Council on previous occasions.

Following a brief summary by Talcott Parsons of the position paper which had been circulated in advance, formal commentaries were presented by Tamara Hareven and Lewis Mandell—historian and economist, respectively.

The seminar turned out to be a lively affair. Early in the day Lewis Mandell led an animated, if slightly tongue-in-cheek, exploration of the value assumptions regarding the family. He and Jackson Toby exchanged views:

Mandell: We seem to be using, without question, a notion that the family is per se good, that national policies should be family-oriented. An economist might, for example, view an increasing divorce rate as something that is income elastic. When people are richer they like to shop around a lot; they like to experiment more and maybe such family instability is not something bad. Maybe our policies should not

attempt to cement the family, maybe we should take a completely neutral attitude for a while and see where it leads us.

Toby: Let's carry this to the extreme and let's say that we teach everybody, all married couples, on arising in the morning to say, "Well, is my marriage paying off sufficiently today, or shall I try something new?" Now I would suggest that kind of calculus would destroy all marriages quickly by creating what the sociologists call an anomic situation. The benefits of renegotiating contracts would be lost because there would be a very broad loss accruing across the board.

Mandell: I think economists have a very good response to that: The transaction costs of negotiation are so great that it is not worth it.

Toby: From an individual point of view, there's a difference between what the individual would perceive upon getting up in the morning and what would happen if everyone reevaluated their marriages each day. I'm saying we'd be looking forward to a game of musical chairs with 60 percent of the relationships disintegrating daily.

Mandell: But that doesn't happen. In an analogous situation, economists ask, "Why don't people keep every nickle in the stock market and the bank?" The answer is because then they'd have to run to the bank every time they wanted a dime or a quarter for a soda. All I'm saying is that before we advocate any sort of social policy with respect to the family, let's have a good argument to say why it is in the interests of our society to keep the family together anymore than it's being kept together right now.

Toby: Let me put it in a more positive way. One of the distinctions we are not making clearly is between solidarity that is enforced or ascribed and solidarity that is voluntary or achieved. What we do not want is a policy that enforces solidarity, that turns marriage and family life into a mutual entrapment in a household. There are some very strongly Catholic countries where that is a kind of model. What I think we do want is a social policy that promotes voluntary solidarity, where some of the collective benefits that it generates may not be perceived on the individual level but are effective collectively.

Mandell: But why should we try to make those decisions for all married people? We can legitimately prescribe an energy policy for all people because of the overriding social benefits of energy conservation. Can we prescribe a national policy for family conservation for these same reasons? Are there any "hard" reasons to justify such a policy?

Throughout the day, however, the policy questions confronted by the seminar were largely serious and profound. There was a prevailing concern that Americans, popular media, and to a certain extent government policies, promote an over-simplified concept of a family

as a husband and wife plus two children. Marvin Sussman cited efforts to change this cultural myopia, as for example, in the 1970 White House Conference. "We tried to establish a policy to allow pluralism in the family structure and in legislation. Our efforts resulted partly in a recommendation that the policies support good economic underpinnings for the family, for instance, that certain types of families would benefit from a minimum wage. My only feeling beyond that is that we need multiple policies for the variety of families. We can't have a policy for *the* family because we don't really know what *the* family is."

The economic implications of the tendency to confuse the so-called extended family with the multi-generational family stimulated considerable discussion. The existence of economic support systems which extend across generations was recognized as a focus for unresolved problems, now that it is common for adults to survive to see their great-grandchildren.

Because the basic concept of "family" is so complex, the seminar found the policy area fraught with pitfalls. Some participants pointed to the danger that popularization of concepts like "family survival" will lead to abuses. Barbara Reagan articulated some of these problems. We have a clear normative concern that the family can be and is a misused political issue, and that we'll soon see more misuse. What do we mean when we wave a flag and say "pro-family"? The discussion went on to emphasize that the family is not the sole answer to our multiple problems with children, social values and change. Are we assuming that if families are intact, socialization processes will work for children? We seem to presume that illegitimate children are also unwanted and unloved and lack role models. What is a nice family? What are the appropriate functions for socializing children? Is it true that the family did it *all* previously?

Various speakers pointed out that other social forms may be good and may promote better identification by children than conflicting role models in a dissolving marriage situation. The peer group, for instance (if one can omit the drug culture), may be one of the most effective social influences. Reagan suggested, "Maybe we should be promoting Lollipop Power if we want to socialize children well in a pluralistic society where the structural properties of the family are going to continue changing."

During the course of the day two themes kept emerging: issues related to the continuity *of* the family as a social institution; and the range of questions relevant to exchange relationships *in* today's families which are mobile, often unstable, and still in the throes of adapting to a rapidly changing industrialized society.

While there were sharp differences of opinion over these two themes and many divergent views, it is fair to report that the seminar

ended on a "moving" consensus. On the one hand, it was generally agreed, despite the lugubrious statistics on divorce, separation, childlessness, one parent and marriage-at-a-distance arrangements, that the family will continue to thrive as a socio-economic unit. On the other hand, the family was viewed historically as a continuing nexus for controlling the transfer of both social and economic support from one generation to another—thus linking the past to the future through the present.

Also, throughout the day, considerable discussion was devoted to gaps in our knowledge of family economic behavior and the kinds of research needed to make our understanding more complete.

These matters are reported next. Severely abridged versions of the position paper by Parsons and the formal commentaries by Hareven and Mandell follow. As indicated above, participation in the seminar was animated and broadly based. While the listing of participants comes last, they should have been first, for this is their report.

The reporters are well aware of the risks involved in brief summaries of broad discussions. They have tried, nevertheless, to reflect the principal matters of substance even though it meant sacrificing most of the lighter give and take, to say nothing of the occasional intellectual banter, which frequently characterized the communication of serious considerations.

THE MAIN THEMES: CONTINUITY AND EXCHANGES

Although many issues, trends and problems were discussed at the seminar, two themes demanded most attention: questions concerning structural changes in family life over time and a set of related questions concerning exchange relationships in the family, particularly exchanges from one generation to another.

The Continuity of the Family

"Is the family an endangered species?" This is a recurrent question in the popular press. It was also a key one for the seminar. And it was Talcott Parsons' theme. Throughout, he insisted that the evidence increasingly points to one major factor in family stability: "family life has become *more and more complicated* than it used to be," unlike the tradition-based societies of the world. Tradition stabilizes things. Families may have gained some values as a result of changes, but "they have paid the price of greater instability. . . . I think most marriages are sociologically and psychologically more sophisticated than they used to be."

But the conferees repeatedly noted that the issue of family stability is very complex. Marvin Sussman pointed out that we must recognize pluralism in the family: families and types of families must be our units of study rather than a hypothetical and stereotyped "family." Then we must look, he said, at family dynamics. We have to go beyond census data to ask what forces define needs, even for as specific an item as life insurance. What governs the ways people go in and out of social structures like households over their life cycles? These forms are the results of what society does to families. They are not deliberate social experiments. The single-parent phenomenon, for example, is largely the result of conditions produced in society: divorce legislation, occupational options and others.

As the household and the work place have been separated, their respective functions have been differentiated and specialized. More particularly, the functions of the household have become increasingly complex. New forms of economic behavior emerge: the household in a real sense must manage the money earned by its members outside the home; the household, in turn, must provide sophisticated knowledge of such matters as real estate, insurance, savings, and so on. What, then, is a household? It is *not* the business firm which it once was. It is rather more in the nature of a *fiduciary unit* which is characterized by very intimate and personal considerations—probably due in large measure to the fact of children. Considerations involving children are not easily entrusted or turned over either to the market system or to the public sector.

As the process of differentiation continues, members of the household—in responding to new employment opportunities—become increasingly mobile both geographically and occupationally. This tends to leave (and isolate) the married couple and its dependent children—the nuclear family.

What, then, is a nuclear family? It is a "limited" household. It continues to have fiduciary functions but, in economic terms, it is more like a partnership.

The seminar devoted a good part of the day to attempting to sort out the complex changes which are currently affecting the family. Three sets of influences seemed to draw much attention:

1. Recent *demographic* trends affecting the nuclear family; differential longevity, compression of the childbearing stage, lowered birth rates.
2. Recent *social* trends affecting the nuclear family: enhanced educational opportunities for women, increased labor force participation of women, unavailability of domestic servants.
3. Emerging *economic* characteristics of the nuclear family: it is capital intensive, and tends to become a "show place" for consumption.

The seminar pointed to several basic ambiguities in current sex roles: the struggle between the sexes, the movement toward sexual equality and, indeed, the very future of the family as an institution.

From the economic point of view, the family was seen as the keystone of society. Gordon Bivens noted, "The family facilitates the development of the kind of goodwill upon which the marketplace depends for its existence. To develop a general sense of trust in other ways would be terribly expensive, if, indeed, it could even be done." Several conferees questioned, however, whether our society can continue to depend upon the family for even this basic socialization, given the present state of the economy and the prospects for the future. Guy Orcutt referred to the unemployment of urban youth, drugs in the junior high school, and greater peer influence than in the last generation. "These suggest that possibly changes in technologies such as transportation and in behavior have served to affect people in ways that make them anonymous. The earlier teenager was part of a block, a school, a church—the child could not be in an unobserved setting. Is it possible that the family of 20 years from now may not be able to cope with the extrapolations of these trends?"

Current data may exaggerate the degree and quality of the pressures on the contemporary family. From a longer range point of view, however, Tamara Hareven suggested that the family can be described as stronger than ever. From a demographic perspective, we are now in the period with the greatest family support and continuity of people of many generations. Also, a high divorce rate does not mean that fewer families live together. The nineteenth century had a high number of families separated for various reasons but not mostly for divorce. Talcott Parsons seconded her observations and challenged the critics to make their cases in the light of the full evidence. "The burden of proof is now on the alarmists. They have to show that the changes will be so great and different that the family might break down."

The dialogue among disciplines stimulated further questioning. Janet Giele asked whether the historical evidence was really relevant to the contemporary problems of the family. "How will we know if the functions of the family are being performed in the future? Look at the emerging data: illegitimate teenage pregnancies are up 30 percent. How will these children be cared for? And the children they birth? Health costs are escalating; national health expenditures were 4.4 percent of the GNP in 1950 and are now 8.6 percent. Much of the rise is attributed to escalating institutional costs. How would we know if something was going wrong with the family? What would be our early warning signs?"

Parsons saw an analogy with the class struggle in the Marxian sense. Marx had predicted that there would be a polarization of the

proletariat and the bourgeoisie. But this has not proved to be the case. The trend has been toward differentiation and pluralism. And Parsons foresaw a similar process in the struggle between the sexes. Divorce, one-parent families, childlessness, and such phenomena suggest continuing pluralism rather than indicating polarization.

The future? The family is a tough, socio-economic institution and will definitely survive in some form. Parsons summed it up. "Although certain things have been changing, the family has not gone out of style. My own view is that the family is so fundamental a part of human society that however much it may change, however gloomy the prophets of doom, the family is not going to disappear."

Most members of the seminar appeared to agree.

Exchange Relationships in the Family

The clearest and perhaps most alarming symptoms of family change noted by the seminar are examples of ways in which government appears to be taking on family functions. As Parsons put it, social change in our time "indicates there is a complicated balance between new dependencies on the one hand and new freedoms on the other." Contemporary households depend upon the market system and on money resources to open up ranges of choices that could not exist in a natural economy consisting of barter and customary exchange.

Morton Darrow elaborated some of the difficulties of the "complicated balance." In traditional society children are viewed as insurance and kinship is seen as a welfare system. Later developments include the invention of collectivist instruments such as social insurance and broadened private insurance. These indicate the influence of a sense of shared responsibility which leads to shared costs. Thus, better authority and control systems cause economic reliance to increase; but there is another trend, that of compulsion.

Darrow's question is this: "In the family sphere, are we in for a period of greater ordering of the way things run because costs are borne by social collectives?"

It seemed to the seminar that the narrowing of family options may be inevitable if the family continues to transfer costs to the government and private business for the sake of greater security. This trend is not without its own opportunities, related to third party payments delivered from large scale organizations. In the recent *Family, Aging and Bureaucracy,* Ethel Shanas and Marvin Sussman looked at bureaucracy in terms of the range of options opened up. "One of the most important functions of the family," according to Sussman, "is to train its members to manipulate and invent these options rather than respond to a bureaucracy's normative demands."

People do learn how to create particular resources within bureaucracies to do the things they value highly.

Sussman also noted that two five-year studies are leading towards a proposal regarding income taxes and housing subsidies. This research is looking at the economic and social supports given to families so that they may provide a creative environment for retarded or elderly persons. It was found that more than 80 percent of the working class, middle class and ethnic households would take an elderly person into the family under certain conditions. "The two most important things these families want are an economic subsidy and, in terms of service, a bit of help with health care problems. The prospects are that we may see reconstituted families in some communities where such supports are developed," Sussman suggested.

Several participants emphasized that this arrangement would be a revival of a more common practice of taking in boarders and lodgers. Prior to 1930's, one quarter to one third of the families had one or more boarders. Put another way, one quarter to one third of the population boarded with a family at some point of the life cycle. "We have lost this living pattern, but it is one worth constituting," insisted Tamara Hareven. And many participants agreed.

Counter-trends to institutional expansion are also in evidence. Hospitals now discharge mental patients into communities, some of them into families. Prisons in some countries have work-release programs which lodge inmates with families. Viviana Zelizer observed that we are falling out of love with our nineteenth century social panaceas—institutions such as prisons and asylums among them. Many functions were transferred to these institutions from the nineteenth century family. The return of functions to the family may also be seen as the distribution of social functions to a wider range of alternative systems. Such examples suggest that the focus of governmental activity may be shifting from institutions to families. The implications of this shifted focus are being unraveled in family impact studies.

Dramatic changes in the integration of the family of orientation and the family of procreation were particularly emphasized in the discussion of exchange relationships. Early in the twentieth century, aging parents often pressed adult children to continue to stay at home for the purposes of economic support. The seminar explored the range of exchange relationships between parents and their children which attempt to assure security for old age. Previously, the economic pressures upon adult children to support their parents extended over a shorter time period than they do today. But such pressures lasted longest and were the hardest on the youngest child and in that respect were sources of conflict and of insecurity within the family. Because of changes in timing of the family cycle since the turn of the century, as

Paul Glick pointed out, the chances that parents' child-rearing stage will be overlapping with their adult children's, beyond the marriage of the oldest son, are currently very slight.

On another level of analysis, there was considerable discussion of exchanges within the family. Janet Giele noted that age and sex are the two major transfer variables and that each requires explicit study. Thomas Juster elaborated an economic interpretation of one issue. Consider family relations as a stock in which people invest, building up relationships and obligations over a long period of time. This is the major stock of wealth which most people have, and these associations and relations, in many cases, are among family members. A structural change like divorce depreciates that stock in some ways. Presently in such a change, men win and women lose through the legal treatments of property and income. We need legal ground rules that clarify situations where both parties have a right to what seems to be a common property.

The University of Michigan's Institute of Social Research has issued a preliminary report of its "Time Allocation Study" which Juster used to cast some light on other aspects of exchanges between the sexes. Working women do more total work than anyone else in the family. In comparison with 1965, men are doing more nonmarket work, but not much. Males don't do much housework at all. For example, even single men spend only one tenth of their time on housework at most! This led Giele to respond that too great an imbalance in the male/female transfer system may represent a threat to vital "allocative residual functions" of the family: "How can we restore the family group as an intermediary that fends for the individual?" The Swedes say that each individual has a right to well-being, but Alva Myrdal observed that Americans see the family only as a man, a woman and two children, preferably a boy and a girl. There was wide agreement that if family policy is based on such a limited concept, we will not be assuring the well-being of individuals.

Questions were also raised about the intergenerational transfer system from both economic and social viewpoints. Lewis Mandell specified a series of issues. Is family instability the high point of some economic cycle? Let us take retirement as an example of instability in the nuclear family. Older people prefer to live apart from their children. In the past, the life cycle included a huge number in the labor force and relatively few retirees. Now there's a crisis in Social Security. Who will take care of the aging? Can the aged afford to live alone? To travel to see the kids? Is one reason the family remained intact all these years that parents have taught their children to take continuing family responsibilities so that in their older age they could be dependent upon their children? Should we be teaching children to prepare to support the older generation because Social Security is not

going to provide the equivalent of $500 a month? Marvin Sussman answered that socialization is a reciprocal process. Parenting is not unidirectional; as the children get older, they question you as a person. The chances are that children will ultimately assist parents. "It happens in a majority of instances. There are probably not more than 5 percent over age 65 who are institutionalized. This implies that the transfer system is working; the rest are, in some ways, cared for."

The ways in which families budget their relationships and the ways in which social pressures affect people's time and resource allocations among work, leisure and family activities are all indicators of America's cultural assumptions and priorities. Critiques of these values demanded much attention from the conferees.

One point, however, was clear. Never in our history has the family been so multi-generational. Retirees are exchanging economic and social support with *their* retired parents(!) and never before have children had so many great-great grandparents. The transfer of assets from one generation to another becomes increasingly complex.

CONSIDERATIONS FOR THE FUTURE

While the seminar focused mainly on substantive issues, there were occasions for previewing developments in the field of family economic studies. There was a considerable amount of exchange of information although a good deal of this took place during coffee breaks, at lunch and during the social hour following the adjournment of the seminar. There were also many calls for needed research in the area of family economic behavior.

Some New Developments

As Tamara Hareven noted, the use of quantitative sociological data for studying family history is a recent trend in scholarship, and she and others have collaborated in founding a new *Journal of Family History*, devoted mainly to such studies.

Much attention was devoted to the data bases for sociological and economic family studies. Major changes in the 1980 census terms were announced by Paul Glick. Census workers will inquire about the "household head," rather than assuming the male is the head of a household. The concept being developed is that of the householder—the person in whose name the household is defined. Glick noted that in about 10 percent of the cases, it is anticipated that women will identify themselves as the heads of the household, primarily because of the male spouse's disability. The term "householder" is derived from European censuses, but this refinement of the U.S. Census will not make the data strictly

comparable with European figures. According to Glick, "Other national censuses deal only with nuclear family groups, not brother/sister groups."

Robert Parke of the Social Science Research Council called for seminar participants to prepare suggestions for the Department of Labor's revisions of the Consumer Expenditure Survey and the National Longitudinal Surveys of Labor Force Experience. The revised Consumer Survey, in particular, is now being prepared. If appropriate research issues are identified in time, the data could be most valuable for understanding family exchange relationships in a period of rapid social change.

Thomas Juster of the University of Michigan's Institute of Social Research announced the forthcoming publication of "The Time Allocation Study," a much improved successor to a 1965 panel study.

Some New Research Agenda

A number of participants made specific proposals for future research. In each instance there was considerable give-and-take by the seminar. A sampling of the proposals are reported here largely as they were set forth by the proponents.

Lewis Mandell highlighted the need for new family research to be informed by economic consumption theory. As he put it, "Critics of the New Home Economics attempt to pierce the presumed integrity of the family as a single economic entity. Within the seclusion of a household where the market cannot penetrate, decisions are ultimately based upon what Kenneth Boulding calls 'the economics of love and fear.' Resources are transferred without overt reciprocation, births are decided, presents are given and children are sent to a private college at $7,000 rather than the state university at $3,000. These decisions are customarily explained by imputing a utility function on an ex post facto basis. Fortunately for predictive studies these inter-family transfers often follow certain narrowly constrained patterns, but here the analysis of the family must switch from production to consumption theory."

A recent paper by Marianne Ferber and Bonnie Birnbaum called for increased research on the New Home Economics. Power and tradition seem to be so strongly rooted in the family that they often lead to uneconomic or irrational family decisions; for example, the rareness of a husband's decision to drop out of the labor force to care for young children even when the wife's opportunity cost is higher and the fact that husbands do not substantially increase their time spent on housework when the wife returns to a full-time job. Where such discrepancies cannot be explained by the theory of production, they can be handled by the theory of consumption. Ferber and Birnbaum's

intriguing observation is that the family has more than one utility function and instead of joint maximization, it maximizes the utility of the more powerful. Far from destroying the analytical value of the New Home Economics, this critique contributes to it as a predictive tool, according to Mandell. "For example, as the human capital and, hence, marketability of women increases, transaction costs of obtaining a divorce decreases, due to growing competition and advertising among lawyers as well as no-fault divorce. A result must be a growing divorce rate among educated women or a change in attitudes and home responsibilities on the part of men."

Viviana Zelizer called for an inquiry into the implications for life insurance of the changing status of women. Her research on the development of life insurance during the nineteenth century shows the extent to which buyer resistance to the industry was the result of cultural antipathy to evaluate men's life in monetary terms. By the latter part of the nineteenth century, as economic conceptions of a man's death became gradually more acceptable, life insurance was legitimized. However, although industrial insurance companies were insuring lower-class women, the life of a middle-class wife was kept mostly beyond economic boundaries. The recent higher occupational involvement of married women makes this no longer possible: women's contribution to the household is no longer simply a matter of affection and housecare but of plain economics. She concluded: "The new economic assessment of women's lives creates new economic responsibilities for women towards their dependents, even after death, as will be reflected in higher rates of female insurance. Widows will eventually assume a new non-dependent social status. The eighteenth century rural widow was assisted by friends, neighbors or mutual aid groups and advised to trust the will of God while the largely unskilled nineteenth century widow (middle-class and urban) relied on the newly organized life insurance companies. The new widow will still benefit from life insurance proceeds but her own life will acquire independent economic value." Another indicator of married women's growing ties to the economy is the recent proposals to establish monetary equivalents for housework in order to compensate homemakers for household tasks.

Talcott Parsons, in emphasizing changing sex roles, called for studies of ways women might integrate conflicting economic and social demands made of them. "I would particularly emphasize the importance of studying the problems and reactions of women who have had undergraduate college education, or with the addition of post-graduate training, have become qualified for high-level occupational positions." Such women, in increasing numbers, are likely to be much more reluctant to assume traditional feminine roles concentrated overwhelmingly in their own households and leave the

occupational world to their husbands. However, to perform most of the "feminine" functions together with a demanding job with career lines is a formidable task and exceedingly difficult to work out. Special studies of this situation were called for. One possibility is for the woman in this position to have something less than full-time employment; another is for her to find employment that does not necessarily require presence at the work premises during the conventional hours. For example, an academic position generally permits doing a good deal of work at home rather than at an office. Another important possibility is what are explicitly defined as part-time modes of employment which can also fit the hours at work into a convenient schedule. There are clearly many possibilities and they require study.

Parsons also noted that changes in mandatory retirement involve the family and that these implications should be studied before rather than after any formal or legal change occurs. The mandatory retirement age has recently surfaced as a political issue which provoked two notable reactions. One was a chorus of protest. The other consisted of pointing out that setting the mandatory retirement age at 65 dated back only to the Social Security Act of 1936, and that it was essentially arbitrary, not based on any serious investigation of the capacities of people at relevant ages, but copied from Bismarck's legislation in Germany more than a generation before. Parsons suggested, "My intention at the moment is not to make any recommendations on this issue, but to draw attention to the fact that with the changing demographic composition of the population, problems are raised for the policies, not only of the government and many sorts of private employing organizations, but also for the economic behavior of the family itself. With respect to the latter, careful inquiry is indicated."

Blake Newton saw a critical need for economic policy studies which would center upon the family in the context of the scourges of unemployment and inflation. "We must come to some workable ways of supporting both the basic American work ethic and the American family. The overall economic conditions in which both business and families operate are difficult enough. Businesses will have difficulty surviving a period of 5 per cent inflation, but the human suffering will be experienced in families. And yet all public policy deliberations link unemployment and inflation as alternatives. We need better research on these basic issues and it cannot come too soon."

A number of other research questions and issues were raised and these are listed here for the record:

- What is the degree of elasticity in the demands for health and economic security within the household unit?

- Is there a correlation between the low-income family and economic survival skills?
- What is likely to be the value of "family impact" studies?
- How do families obtain, accumulate and conserve resources, while coping with discontinuities like divorce and death?
- In what ways should the family receive economic rewards for the performance of housework and the provision of health care?
- Are there economic values to be derived from intimate family life, e.g. Kenneth Boulding's economy of love, the "calculus of trust?"

The seminar agreed that at this historical juncture, the research agenda for studies of family economic behavior had to be an open one.

THE CHANGING ECONOMY OF THE FAMILY*
Talcott Parsons

"The Changing Economy of the Family," focuses on a primary set of problems which are of special concern to a sociologist of the sort the author purports to be. On the one hand the economy is often, indeed generally, treated as the most prominent aspect of the macrostructure of our type of society. It is my view that its relative importance tends to be rather heavily exaggerated, but that is a long story.

On the other hand, the family, not only as we have all experienced it, but as a type of social organization looked at from the sociologists' point of view, constitutes an antithetical example. Thus the prototypical institution of the modern economy is the market, but inside the family anything too much like market relationships, especially competitive ones, are, if not totally excluded, very severely limited. Or, to take another criterion, large-scale "bureaucratic" organizations have become a hallmark of modern economics. But if, for instance, line authority is one primary characteristic of bureaucracies, the trend of family development has been directly away from the predominance of any such pattern. Its counterpart might be "patriarchalism," but in both the marital and the parent-child relationships this can hardly be said to predominate in the modern family. Another criterion of bureaucracy is "impersonality," but intrafamilial relationships have been growing more not less personal in recent times.

Families, however, if they are to persist, must somehow be articulated with the larger societies of which they are parts. The

*Abridged version of Prof. Parsons' paper.

economic aspect of any society is so prominent that in analyzing the family situation one must pay particular attention to this articulation. Given the nature of the modern economy, this, above all, concerns the relationships of a family and its members which are mediated through money and markets to entities outside the family, in the first instance employing organizations, but also, obviously, to sources for the supply of its needs through consumers' markets. In relatively recent times a third category of mediating mechanisms, notably those having to do with welfare and security, has grown greatly through public support of families and through many types of privately provided insurance.

The relations between the family, as a system of multiple units, and the economy must be looked at as one of reciprocal interdependence with no fundamental priority given to either side. By virtue of their interdependence each is instrumental to the other, but at the same time each articulates with "third parties" in the social universe in different ways.

The primary dependence relation of families on the economy is for sources of money income—current or spread over time as with investments—and for access to consumers' goods and services which are the main channels of family expenditure of money resources. Units of the economy, then, are dependent on those of the familial system in equally obvious complementary respects, most obviously for the input of "labor" since, without human services, literally no unit of the economy—unless it be the mythical unprogrammed computer—can survive. These services become available, in the long run, only on terms compatible with the conditions of survival of families and households. Equally important, no economy, and of course none of its constituent units, can survive unless its products enjoy a state of demand, which has to be mediated in the last analysis by monetary resources at the disposal of consuming units. Family households are not the only consuming units in the society, but are overwhelmingly the most important.

This fundamental reciprocity, which is complicated by the development of a relatively new set of mediating mechanisms, like private insurance and Social Security, is posited on the crucially central difference of societal function between units which are primarily parts of the kinship system. The primary function of economic units is production, in the economic sense—that is, adding to the pool of valued resources. These are at the disposal of many different societal units for the satisfaction of an indefinite variety of needs and the accomplishment of an indefinite variety of goals.

By contrast with this, the family may be considered to be the primary "trustee" of the societal interest in the well-being, health and

psychological integrity of its individual members as persons. This of course includes adult persons, but in this sense their welfare is inextricably interwoven with the parental function, with the fact that most adults do not choose to "go it alone" as individuals, but to join with a partner of the opposite sex and assume the onerous responsibility of being the parents of children. Whatever else it may be, the primary function of this familial unit of the social structure is *not* that of economic production. The "economy of the family" is a mode of articulating these two fundamentally different types of units of a modern society.

This paper is, therefore, designed as neither a discussion of problems of the economy nor of the internal problems of families, but as a discussion of the articulation of these two types of societal organizations with each other. If such articulation is to operate without too serious friction and conflict, the ways in which it works out must be adjusted to the salient features and functional needs of *both* types of entities.

I should like to go back to a change which occurred across the western world in the course of what is ordinarily called the Industrial Revolution, using the term in a very broad sense. Previously, both in industry and in agriculture, and even in urban conditions, most family households were, at the same time, units of residence and important units of economic production. This was certainly true for the typical unit in the rural and agricultural spheres. It was quite definitely true in the urban sphere for most of the organization of handicraft industry; the craftsman's workshop was part of his residence. It was also true to a considerable extent of the smaller types of mercantile establishments.

We have come a long way from this condition in recent times. For most people who are occupationally employed, the work place is not the family household, but the factory, the office or some other site which is specifically organized for the conduct of work. Residential units have been deprived of their functions of primary economic production, and these functions have been transferred to more specialized units of social organization. The employing organizations are business firms, governmental units, hospitals, universities and many other types. Of course, the extent to which an employed person is obligated to do his "work" on the premises of the employing organization varies. I belong to a profession where it is quite possible to do a good deal of work at home, under conditions where responsibility is to the employing organization rather than to fellow members of the residental household.

The nexus of articulation between employing organizations and households has come to be economic in the more specific sense of being mediated in monetary terms. The employed person is typically

paid wages or a salary which are remunerations for his contributions to the functioning of that organization. In this capacity such employed persons have become dependent on what we call a labor market even though their status is not that of "laborers," for example, that of professional people or executives in business or government organizations. In turn, to meet its needs, the household becomes dependent on another type of economic market, the consumer's market, or on a set of them, which by expending its money income acquires the necessities and conveniences which must be procured to maintain a "standard of living." I think I should go on to also say a "style of life." Of course, the consuming household does not typically acquire the goods and services it needs from the organization employing its members directly but from units or stores which have no formal connection with the employing organization; they are available to supply good to consumers in exchange for the offer of money.

Even at this very elementary level this relational nexus becomes quite complex, and as modern times and institutions have altered conditions, it has become increasingly so. Let me try to sum up in terms of the principal functions in which the residential or family household has become involved in relation to the economy. We should start with the fact that such households are the recipients of money income and/or items of property holdings which have monetary value and are potentially income producing. Quantitatively, by far the largest sector of these continuing monetary benefits comes from occupational earnings, which in turn, differs by a variety of status categories of households. A flow of money income directly contingent on the performance of occupational services is, as I said, the main core. But two other components loom extremely large in the current American scene. Especially toward the higher levels of income distribution, ownership of real estate and its management constitute a very important set of factors. Particularly important here is the ownership of single-family homes. Indeed, more than one such home is often the case, without entering the categories of the very rich. If this is the case, then the proprietor and/or his family must take responsibility for maintenance of the physical and other conditions of the real estate property, and there are problems as to how implementation of this responsibility can be financed. The most familiar category is the dependence of many such proprietorships on some kind of mortgage financing.

A second context of the monetary nexus is the great variety of insurance and security arrangements which have grown greatly in recent times. What in this country we call Social Security covers a significant proportion of the financial contingencies of people, shall

we say, especially below the middle of the income range. This has been important in disability benefits under the Social Security system. For those 65 and over Medicare has become a major asset for insuring the financial stability of household income. State unemployment compensation and welfare programs provide those persons at still lower income levels with some measure of economic security. On top of these, of course, is a wide variety of private insurance arrangements among which life insurance figures very prominently along with health insurance and quite a number of others. The first two of these categories are primarily financed by government in complicated ways, but the sector involving private financing of insurance remains an exceedingly important one.

We may finally add that there is a third primary source of household income, ordinarily called property income, coming particularly from various kinds of securities: stocks, bonds, government instruments and the like. Property is often not the most prominent source of income only for the rich, but extends substantially into the ranges of the upper middle-class.

There are, of course, substantial "class" differences in the ways in which these socio-economic responsibilities are manifested within the family. Problems of the management of real estate and other holdings tend obviously to increase with family income. Sophistication in dealing with security mechanisms, both private and public, is required of *all* families. And the creation and conservation of various types of savings are emerging issues for most families at one time or another over the life course of the family.

I think we may sum up the organized patterning of the way consumers' households articulate with the economy through the expenditure of income of these various sorts by saying that it is a unit, and its members are concerned with the maintenance and, in many cases, the improvement of a "style of life."

What then is a family household as a type of social organization? The first important statement is that it is *not* a business firm. Its primary function is not economic production and it is not oriented to the making of profit, though some "heads of families" devote their lives more to the making of profit than to any other personal goal. From the societal point of view the family household should be regarded as a fiduciary unit. It is, in the first instance, a trustee for many kinds of personal, cultural and societal interests which cannot safely be entrusted to performance by the incentives of the market system or of the struggles for political power. In the last analysis, the family household is responsible for the *accumulation*, the *allocation* and the *protection* or conservation of its income and assets.

In the course of its history our type of society has tended to focus on the nuclear family as the primary constitutive unit of membership. The

nuclear family here is a parental couple with dependent children (though adoption modifies this slightly). Thus, the typical family household starts as a two-member unit, then acquires a relatively small number of children who reside at home to late adolescence (or a little later), and then leave the household which reverts to the state sometimes known as the "empty nest." By and large, the marital relation is highly egalitarian with little vestige of patriarchal authority by the husband over his wife. It is generally best conceived as a *partnership*.

Changes in women's roles in the family system are currently of great interest to me, so let me interweave my comments with a review of some demographic features. An exceedingly important topic here concerns longevity, which is of great interest to life insurance people. We have seen a dramatic increase in the last century or so in longevity of which the commonest measure is the expectancy of life at birth, which for the American population as a whole stands at something over 70 years. There is a striking difference, however, between the sexes, with women on the average living several years longer than men. The biggest declines in early mortality have been those affecting early childhood, so that it is now relatively rare for young parents to lose any of their children in infancy or the early years. Another notable change is that the death of women in childbirth has nearly disappeared, though as recently as the beginning of this century it was a major cause of mortality. Moreover, the older age groups are in substantially better states of health than was true in an earlier time.

Probably the most important immediate impact of this longevity change concerns ages of retirement from occupational jobs, especially where it has become mandatory at a given age. The commonest age for mandatory retirement has been 65, which is about seven years earlier than the *average* age of death, to say nothing of the very large group who live considerably longer and who are now often described as the "young-old" and the "old-old." This has an important bearing on the prospects for retirement and the substantial economic problems faced by most families in spreading its disposable income over the life course.

One consideration especially deserves comment. As the proportion of deaths occurring in the later years tends to increase, the problem of the orderly disposal of economic assets at the end of the family cycle becomes a matter for rational planning. The traditional will is, of course, necessary; but many complex matters in today's economy cannot easily be reduced to legal terms.

This seems to be an appropriate place to stress a general point which is important far beyond the case of retirement. Clearly the financial aspects of retirement plans are of high significance to those who, for

the rest of their lives, have to be dependent on pensions and Social Security. Economic deprivation is often a very serious threat to their well-being, but many who are economically well provided for are, in other respects, desperately deprived. Economic security, in and of itself, does not provide meaningful incentives to continue living. The old fantasy that people will be content with leisure—release from the obligation to work plus a guaranteed adequate income—has worn rather thin. In our active society, if I may hazard a single formula to state what retirees want or need, it is something worthwhile to *do*. Pension and insurance plans, however necessary, do not by themselves solve such problems. Such solutions as we can think of must be characterized by meaningful continuities with previous stages in the life course. The years of retirement have to be an integral part of the whole life of the retired person.

It is not out of the question that the fact that fewer women have had a history of significant occupational careers may make them better suited to retirement, and therefore they live longer than their age-mates. Because of changes both in the demographic composition of the population and in the social structure, it is no longer necessary for half the population to concentrate their primary concerns throughout adult life on ensuring a proper succession in the society through childbearing and the socialization of children. Among other things, formal education has taken over a great deal of the function. This leaves intelligent and especially highly intelligent women seeking new functions. Much has already changed in their status, but much more can and will change.

Another important point is that, along with the decline of the number of births per couple, there has been a marked trend towards concentration of the child-bearing period within a relatively small span of years. Thus, as early as mid-century the average American mother gave birth to her *last* child at the age of 31 (As a contrast, I was the youngest child in a family of five and my mother was 39 at the time of my birth.) This means that couples who stay together face a long period without children in the home, a period in which both can expect to enjoy relatively good health.

To continue with demographic references, there has been a notable fluctuation, possibly a cyclical pattern, in American birth rates. I am old enough to remember well the period of the 1920s and 1930s and the anxiety which was prevalent at that time about the decline of the birth rate, which reached its lowest point at the depth of the great Depression of the 1930s. Incidentally, a particularly prominent worry at that time was over the differential birth rate; it was lowest in the highest socio-economic groups and increased roughly down to the lowest poverty level. Then with World War II, the baby

boom arrived, so that there were relatively high birth rates through the 40s and 50s. We have now entered another cycle of decline so that current birth rates are a little bit below the level necessary to maintain a stable population in the longer run. In this case, recent improvements in contraceptive methods and the decline of opposition to their use has been a major factor. Still another factor has been the decline in the objection to abortion, its legalization and, indeed, partial subsidy by government support. This is an extremely acute area of controversy at the moment. My inclination is to attribute these sharp changes to problems of adjustment of family members, particularly women, to changing circumstances of the family.

I think we must pay special attention to two trends of change. One has been the growth in the educational system. Universal elementary education is quite old in our society, though even that was, in the light of historical conditions, a very great innovation. By about the 1930s an approximation to the universalizing of secondary education occurred. The subsequent period, particularly following the Second World War, was one of a great and rapid expansion of higher education, including not only the undergraduate college level, but extending into post-graduate education. By the end of the 1960s slightly over 60 percent of high school graduates went beyond high school to some form of higher education. It is particularly important to note that these trends of higher education included an increasing proportion of women, although professional schools such as law and medicine have been relatively slow in admitting larger proportions of women. In recent years this has changed, and with it the proportions of women who have become qualified by their education for new roles in the occupational world have increased dramatically.

The other dramatic change outside the family has been the actual increase in the employment of married women. There has been a steady upward trend in this respect pretty much throughout the present century. The trend underwent spurts during each of the two World Wars, but the experience since the Second World War has led to a sustained upward trend long after the return of peace. As would be expected, the greatest increase in this employment has occurred after the individuals' concentrated child-bearing and early-rearing age. Thus, I have known several such women who have entered professional training such as law school just at the point where the youngest child had entered school. My demographic remarks should suggest that our studies of social organization of the family have to take into account new and complex realities.

There is an underlying ambiguity about the meaning of equality and inequality in the relations of the partners in marriage in our type of society. On the one hand there is the deep-seated psychosocial

significance of the woman's capacity to bear children, which is denied to her mate who has at most an auxiliary role in this process. After all, children are totally fundamental to the continuance of the society and its long-run interests. However, the main developmental trend of modern societies from the early modern age on has been toward greater equality of the sexes in a variety of respects other than reproduction.

I suspect that it is going to be nearly as difficult to work out a stable arrangement in these matters as it has proved to be in the matter of social class. Here, again, we do not have a built-in symbolic focus of dichotomization, though there have been attempts to construct one as in the Marxian idea of bourgeoisie and proletariat as the two ineluctably opposed social classes. In the social class context, however, the main trend has not been toward increasingly radical dichotomization, but toward pluralization not merely with innumerable gradations on a more or less continual linear range. There has also been the building in of a great variety of qualitative differentiations, each differentiated group having to find some kind of a place in the range but not a place predetermined in the narrow Marxian sense by its class position. My guess is that a somewhat similar process of pluralization is underway with respect to family and sex role. In addition to the various changes touched upon here, there has been a continuing increase in the divorce rate. It is very difficult to judge how far marriages within the family structure have become seriously unstabilized. It is highly conventional for the kinds of changes taking place to be viewed with alarm in the public media.

The differentiation of the roles of the sexes specifically in relation to each other in some form of marriage and family relationship is so deep-seated socially and psychologically that I, for one, think it extremely unlikely that the main trend is or is likely to be toward anything approaching erasing of the differences as some of the more radical proponents of the women's liberation movement seem to advocate. Rather, the various alternate forms of relationships between the sexes which we are witnessing today may themselves be but one more example of the long-term historical process of differentiation.

It even may turn out to be the case that the unplanned experiments in survival which public policy seems to have forced on many welfare couples will "filter up" through the social structure and serve as prototypes for planned experiments.

I think it can be said that social science has gradually been improving its level of understanding of what is special about the family, or more generally kinship systems, among the sectors of human societies. It seems to be increasingly clear to me that this

special significance lies in the fact that the family is the main point of organized articulation between human individuals as personalities and participants in social and cultural relations, and the same human beings as biological organisms. If the relations of the sexes were confined to the erotic level, they would not have the importance they have; but this is the main process by which a new generation comes into being. Given the fact that individual humans have a limited life-span, without ordered reproduction societies could not survive—which is a commonplace observation, but a crucially important one.

My guess, as suggested above, is that all kinds of alternative familial and extra-familial arrangements are in the offing for both sexes and at all socio-economic levels: flexitime, day-care centers, "communicating" to work, role swapping and role reversals, cooperative households, and new providers of household services—including a wide range of financial services, many yet to be invented. All these will support the evolution of the family in one form or another.

A Historical Note on Family Strategies*

Tamara Hareven

In his paper, Professor Parsons presents a profile of what one might call the model American family of the 1970s: it is autonomous, nuclear and private; it is generally isolated from extended kin and specializes in child-rearing and consumption; it is characterized by age and sex segregation; and it defines itself and its class status by its life style. Recently, Parsons points out, this family has been experiencing some major changes: its traditional role segregation is being shaken by women's entry into the labor force; increasing conformity in life style and growing affluence has placed new consumption pressures on families in their effort to keep up with new life styles; and demographic changes have led to the growing isolation of parents in the "empty nest" while still in middle age; enforced retirement has led to the ousting of individuals from productive careers, while they are still fully capable of pursuing them. While the changes highlighted by Parsons are, indeed, significant, a historical perspective could place these trends into a longer continuum of social change.

The historical commentary which follows will focus on two major issues: first, how old or new are the phenomena which Parsons discusses? Second, how did families cope with economic insecurity in the past, and how did these modes of coping affect familial relationships and roles?

*Abridged version of Prof. Hareven's paper.

The type of family which is the focus of Parsons' discussion, the middle class American family, has been with us for only a little more than a century. This family type emerged around the 1830s among the urban middle classes, and became gradually more prevalent over the nineteenth century. Even though this type of private, specialized, child centered domestic family was present only in a small fraction of the population over the nineteenth century, it emerged as the model by which standards for family behavior were defined in the entire society. To spread and perpetuate this model of family comportment, a large body of family and children's advice literature from the 1830s on extolled domesticity and privacy as major attributes of family life. This advice literature portrayed the family as a *retreat* from the world, as a utopian haven of tenderness and nurture. The prescription of the woman's role as a mother, as a child-rearer, as the definer of taste and life style, and as a custodian of the home as utopian retreat, filled hundreds of pages of women's magazines and child-rearing literature. It took at least half a century before working-class and immigrant families actually began to acquire those same values; and took even longer until such families could afford to live by them. Rural and working-class families experienced strong continuities in their traditional organization and values, despite the impact of industrialization. Thus, class and cultural differences are significant in the gradual transformation of the family into a specialized, private, domestic and child-centered unit. Even today the middle class, nuclear, isolated family type, although dominant in the culture, is by no means pervasive in the entire society.

Related to the emergence of the dominant family type is the question of the impact of industrialization on the family. Even urban industrial working-class families which shifted their work from the home to the factory did not completely separate production in the home from the outside world. There has been in American society a continuity at least into the 1930s in the organization and activities of working-class families as work units. Rural and working-class families continued to function as economic units and to make economic decisions that went beyond the acquisition and allocation of resources, consumption and saving, which Parsons lists as the major economic activities of the family today. Entire families viewed their members as a working unit rather than merely as units of consumption and allocation of resources. Even in the late nineteenth and early twentieth century, among industrial workers, kin often functioned as major labor recruiters, organizers of migration and housing agents. The family functioned as a collective economic decision-making body. Among the upper class and working classes, the family functioned almost like a miniature corporation in itself. Depending

on the availability of job opportunities, of course, families made decisions as to when to send their women or children to work, when to migrate to a new location or which family member to send first to another community in search of employment.

This historical continuity in the family's role as an economic agent, and to some extent, as production unit, is important for our understanding other aspects of family behavior: the relationship between the nuclear family and extended kin, and between the family of orientation and procreation, the timing of transitions into different family roles, entry into schooling or into the labor force, and in the coping with insecurity as a central aspect of life.

Coping with economic insecurity affected family behavior in all these areas. Insecurity came from several sources: the death of the breadwinner, unemployment, and decline in wage earning capacity in old age. While many professionals today (as Parsons suggests) anticipate retirement with anxiety and misgivings because of its abrupt disruption of productive careers, in the late 19th century men complained about the fact that they still had to work until the end of their lives, especially since for them, work in the later years of life meant downward mobility. Industrial workers who began as sweepers, rose gradually to skilled jobs, and even became foremen. But as their physical abilities declined, they were likely to end their lives as sweepers again. Job insecurity was further intensified by the absence of unemployment compensation and other types of government insurance. What kind of strategies did families follow in coping with insecurity? The surviving historical evidence does not provide us with actual information on family decision making. One can infer, however, certain patterns of choice and priority. Families sent children to work before sending wives into the labor force. If childrens' work was insufficient, they took in boarders. The wife was sent to work only if the first efforts still left the family insolvent. Some families had to do all three in order to survive. On the surface these were economic choices, but they were often governed by ethnic and cultural values.

In the constant regime of insecurity, and in the absence of public institutional assistance, the family acted as the only mediator and planner. Only a small proportion of the population could afford private insurance. In the individual family budgets of working men in Massachusetts in 1899, which were gathered by the Bureau of Labor Statistics, only about 20 - 30 per cent of the Irish immigrant working men were investing in life insurance. Over several decades, they gradually increased their investment. A basic equal level of economic security was essential before one could actually start to invest in insurance and future security. In its initial form, it was "death"

insurance, rather than "life" insurance. First people tried to secure a decent burial through fraternal insurance organizations. Only later did they begin to worry about life insurance.

Economic insecurity varied considerably over the family cycle. Early in the twentieth century, B.S. Rowntree and his American disciple, Robert Hunter, pointed out the extent to which families were particularly vulnerable at two points in their lives: first in the early stages of the family cycle, when the children were too young to work, and second when the parents were in middle or old age, and the children had left home. Planning for economic subsistence along the life course was thus a continuing challenge. Prior to the introduction of Social Security, kin were the major sources of insurance. Individual and family survival was conditioned primarily on the interdependence among parents and on mutual assistance among extended kin.

This type of familial interdependence required the careful marshalling of individuals to the family's collective enterprise and survival strategies. It restored an ideology of corporate familialism, rather than individualism in present society. The ultimate goal was family survival, rather than individual gratification. Within this regime, naturally, instrumental rather than emotional relationships were at the base of family interaction.

The common assumption that social change is linear and occurs uniformly in the entire society, has tended to exaggerate the replacement of "traditional" family patterns by new ones. Successive waves of immigrants into American society over the past century and a half have tended to reintroduce traditional ways of life into a modernizing, homogenizing society. Thus, the process of modernization has been by no means linear. The specialized, middle class, nuclear, role-and-age-differentiated family described by Prof. Parsons is by no means universal today. The family of the past, which drew its strength from the economic and social integration of its members, is still within the memory, if not in the present reality of a sizable proportion of the American population. In discussing the current state of "the family" it is important, therefore, to make allowance for different models of family behavior, past and present.

The New Home Economics*

Lewis Mandell

The economics of the family has been an accepted part of "mainstream" economics for less than a decade. Prior to its acceptance, individual scholars such as George Katona, Eva Mueller and James Morgan, from the University of Michigan, and Robert Ferber, from the University of Illinois, had studied aspects of the family's economic behavior as did the marketing practitioners, but it was not until these various aspects were woven into a unified framework and incorporated within the accepted boundaries of microeconomic theory that the study of the family moved into the mainstream of economics. This new subdiscipline, dubbed the "New Home Economics," has been centered at the University of Chicago.

In the New Home Economics, the family is viewed as a single economic entity, not unlike a small business, which utilizes its resources to maximize some objective. By viewing the family in this manner, the tools of microeconomic analysis used to analyze the operation of a business can be neatly employed. Since *time* is the primary economic resource of the family, we see its use being optimally applied for the creation of the family's joint products of monetary income, children, and an amorphous residual termed "utility." Borrowing further from the analysis of businesses, the acquisition of education by a family member, as Talcott Parsons has emphasized, becomes an investment in human capital.

While the New Home Economics may be validly criticized for its simplicity and heroic assumptions, it is nevertheless the beginning of a framework that may someday enable us to convert our casual or even ordered empiricism of family economic trends into a predictive mechanism. This would be analagous to the 1950s conversion of macroeconomic theory into models that are used to predict variables such as income, prices and interest rates. While these models were initially attacked for their simplicity and heroic assumptions, over a period of twenty years the holes have been fileld and econometric forecasting models are now routinely accepted as a basis for making important economic and business decisions.

In some areas, the New Home Economics has already proven to have some predictive ability. For example, as the human capital and hence opportunity cost of women has increased, we have seen a concomitant shrinking in the time span of childbearing. If a family decides to produce "n" children, and yet wishes to give each child a certain quantity of intensive time resources from a parent while

*Abridged version of Prof. Mandell's paper.

maximizing family monetary income, it is logical that children become spaced more closely together.

A predictive model in economics recognizes both the endogenous variables that are within the system and exogenous variables from outside. Most of what we would call the evolutionary changes of the family result from endogenous variables, such as slowly changing traditions, increased labor force participation of women, and a preference for smaller families. However, many of the changes in the family have resulted from exogenous or shock variables. Legalization and perhaps delegalization of abortion, the discovery of the "pill," no-fault divorce, and affirmative action programs have all come from outside the family.

Other exogenous factors can be predicted and results anticipated. What effect is the energy situation likely to have upon the family? For one thing, patterns of housing are beginning to change. While some people are beginning to buy smaller homes, more and more people are accepting housing other than the traditional single-family detached house. As energy becomes scarcer, more persons will live in apartments and dwellings such as attached townhouses, and as a result, less housework will be required for their upkeep. In addition, the increased scarcity of gasoline and the concomitant improved public transportation will diminish the value of and need for the suburban "after school shuttle." Within the framework of the New Home Economics, these factors will lessen the value of time spent out of the market and make market labor more appealing for all of the adults in the household.

Variations in the economy should also be recognized and anticipated as determinants of family economic behavior. Currently, unemployment is relatively high and jobs are particularly scarce for new entrants or re-entrants into the labor market. This depresses the ratio of market to nonmarket income and increases the difficulty of the decision between work at home and work in the market for persons who have been out of the labor market for some time. Thus, if we see recent data indicating that mothers are spending more time at home with their children, we may be in error if we attempt to explain it as a new trend rather than as a cyclical phenomenon which may reverse when job conditions improve.

Occupational problems can certainly be expected to become more severe. For many persons, particularly those who are well-educated, occupation is of paramount importance. Professor Parsons may be right when he says that most people refer to their home rather than work when asked the question, "Where do you live?" But it must also be pointed out that when people are asked the question, "What do you do?" they do not speak of mowing lawns or changing diapers

unless the respondent's occupation is that of homemaker. Given both the specialization of today's training and geographical dispersion of specialized job opportunities, a person with a great deal of education must be prepared to move to where the jobs are. A family with one highly educated, occupationally oriented person faces a far smaller problem than a family where both the husband and wife have these traits. As the education of women increases, the difficulties involved in achieving joint optimization of the goals of both parties increases significantly. Several "market" solutions present themselves, some more realistic than others. For one thing, a highly educated woman might rationally choose marriage to a man who is either unskilled or who wishes to become a homemaker in order to solve her occupational mobility problems. Other solutions, which are more common, include divorce, the expediency of living together, and a phenomenon which I find increasingly prevalent on university campuses but for which I have seen no reliable statistics, that is, married persons who live apart for occupational reasons.

Although economists have provided a skeletal structure for the analysis of the economy of the family, they lack the tools necessary to complete the job. The changing values and traditions of the family which are finessed by the economist as constraints or utility functions must be explained, specified and predicted by other social scientists who are trained in this area, such as the psychologists and sociologists. Only through such interdisciplinary efforts can a predictive and hence useful model of the changing economy of the family be assembled.

PARTICIPANTS IN THE FAMILY ECONOMIC BEHAVIOR SEMINAR

George A. Bishop
American Council of Life Insurance

Gordon Bivens
Iowa State University

Harrington Bryce
The Academy for Contemporary Problems

Beverly Crabtree
Oklahoma State University

R. Morton Darrow
Prudential Insurance Company of America

Elizabeth Douvan
Institute for Social Research

Wallace C. Fulton
Equitable Life Assurance Society

Janet Z. Giele
Brandeis University

Paul Glick
Population Center, Bureau of the Census

K. Edwin Graham
American Council of Life Insurance

Lois Guthrie
Montclair State College

Tamara Hareven
Harvard University

Robert Hill
National Urban League

Janice Hogan
University of Minnesota

William S. Hubard
Shenandoah Life Insurance Company

Ruth Hubbell
Institute for Educational Leadership

Lola M. Irelan
Social Security Administration

Ruth Jewson
National Council on Family Relations

Thomas Juster
Institute for Social Research

Wilfred A. Kraegel
Northwestern Mutual Life Insurance

Josephine Lawyer
Department of Agriculture Extension Services

Lewis Mandell
University of Texas

Sarah Manning
Purdue University

Edward Metzen
University of Missouri—Columbia

James Mulanaphy
Teachers' Insurance and Annuity Assoc.

Blake T. Newton, Jr.
American Council of Life Insurance

Robert O'Connor
American Council of Life Insurance

Geraldine Olson
Oregon State University

Guy Orcutt
Yale University

Robert Parke
Social Sciences Research Council

Talcott Parsons
Harvard University

William Paynter
American Council of Life Insurance

Daniel Price
University of Texas

Barbara Reagan
Southern Methodist University

Hugh K. Rickenbaker, Jr.
Life Insurance Company of Georgia

John Riley, Jr.
Consultant to the American Council of Life Insurance

Allen R. Sanderson
College of William and Mary

Edward R. Savage
American Council of Life Insurance

Ethel Shanas
University of Illinois

Harris Shrank
Equitable Life Assurance Society

Marvin Sussman
Bowman Grey School of Medicine

Thomas Tice
Life Insurance Marketing and Research Association

Jackson Toby
Rutgers University

Charles L. Trowbridge
Bankers Life Company, Des Moines

George R. Walters
Acacia Mutual Life Insurance Co.

Doris Wilkinson
American Sociological Association

Viviana Zelizer
Rutgers University